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FM THE SITUATION ROOM//TOHAK 22//

TO BREMER/COVEY/RODMAN FOR THE SECRETARY

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VIA BLACK PATCH WH52480

TOHAK 22

DECEMBER 13, 1975

MEMORANDUM FOR: THE PRESIDENT
FROM: BRENT SCOWCROFT
SUBJECT: INFORMATION ITEMS

DOS HAS REVIEWED

U.S.-USSR MARITIME NEGOTIATIONS: THE 1972 U.S.-USSR MARITIME AGREEMENT IS DUE TO EXPIRE AT THE END OF THE YEAR. NEGOTIATIONS ON ITS RENEWAL STALLED IN EARLY DECEMBER WHEN THE SOVIET SIDE SOUGHT TO REOPEN THE ALREADY-AGREED FREIGHT RATES ISSUES WITH PROPOSALS UNACCEPTABLE TO THE U.S. MARITIME ADMINISTRATOR BLACKWELL NOW ADVISES THAT THERE ARE INDICATIONS THAT THE SOVIETS ARE READY TO FALL OFF THEIR UNACCEPTABLE POSITION AND TO CONCLUDE THE NEGOTIATIONS ON TERMS THAT SHOULD BE ACCEPTABLE TO US. BLACKWELL WILL DEPART FOR THE USSR ON TUESDAY, DECEMBER 16 AND PLANS A MAXIMUM OF TWO DAYS OF TALKS.

NATO OPC MINISTERIAL MEETING: SECRETARY RUMSFELD ASSURED THE NATO DEFENSE MINISTERS ON DECEMBER 10 OF HIS STRONG SUPPORT FOR COLLECTIVE DEFENSE, AND STRESSED THAT DETENTE REQUIRES A STRONG MILITARY POSTURE. HE OUTLINED BRIEFLY THE STEADY GROWTH OF SOVIET MILITARY POWER IN RECENT YEARS, BUT STATED THAT AN ADEQUATE CONVENTIONAL BALANCE IS WITHIN NATO'S REACH. SECRETARY RUMSFELD SAID THAT NATO NEEDS TO RESTORE POLITICAL AND MILITARY COHESION TO THE SOUTHERN FLANK, AND SUGGESTED THAT THE SITUATION IN SPAIN MAY NOW BE EVOLVING SO THAT NATO CAN EXPLORE WAYS OF DEVELOPING CLOSER COOPERATION WITH THAT COUNTRY. REGARDING RATIONALIZATION AND STANDARDIZATION, HE SAID THAT PRESSURES ON BUDGETS AND

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***** WHSR COMMENT *****

HYLAND, MCFARLANE, RODMAN, SECFL

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REACTION AGAINST WASTE WERE PROVIDING THE IMPERATIVES FOR PROGRESS, AND THAT STANDARDIZATION MEANT SELECTION OF THE MOST COST EFFECTIVE WEAPONS AND SHARED PRODUCTION WITHIN THE ALLIANCE. SECRETARY RUMSFELD ALSO SUMMARIZED FOR THE MINISTERS THE CONTENTIOUS ISSUES IN SALT. FRG DEFENSE MINISTER LEBER SAID THAT THOUGH THERE WERE AMPLE REASONS FOR THE ALLIES TO BE CONCERNED, THERE HAD BEEN POSITIVE DEVELOPMENTS AS WELL. RICHARDSON OF CANADA DISCUSSED BRIEFLY THE CANADIAN DEFENSE REVIEW AND MASON OF THE UK TOLD HIS COLLEAGUES HE WOULD DO HIS BEST TO PROTECT THE UK'S NATO FORCES FROM FURTHER CUTS. ON MBFR, LEBER, MASON, AND VREDELING (THE NETHERLANDS) STRESSED THE NEED FOR ALLIES TO HOLD FIRM ON THE COLLECTIVE COMMON CEILING. THEY ALSO CAUTIONED AGAINST TRYING TO MOVE TOO FAST ON THE ISSUE OF SPAIN.

ACTION AGAINST U.S. POTASH INTERESTS: THE GOVERNMENT OF THE CANADIAN PROVINCE OF SASKATCHEWAN HAS ENACTED TAXATION MEASURES WHICH THREATEN THE VIABILITY OF POTASH MINING AND PROCESSING OPERATIONS IN THE PROVINCE, AND HAS ANNOUNCED THAT IT INTENDS TO PURCHASE OR, IF NECESSARY, EXPROPRIATE SOME OR ALL INDUSTRY ASSETS. THE POTENTIALLY AFFECTED COMPANIES INCLUDE SIX SUBSIDIARIES OF U.S. FIRMS, AND U.S. AGRICULTURE DEPENDS HEAVILY ON SASKATCHEWAN POTASH FOR FERTILIZER. WE HAVE MADE A STRONG APPROACH TO OTTAWA, EXPRESSING OUR "CONSIDERABLE CONCERN" AT THE MAJOR POTENTIAL FOR DAMAGE TO U.S. INTERESTS AND TO U.S.-CANADIAN RELATIONS. OTTAWA IS CONCERNED ABOUT THE SITUATION, SINCE THE PRECEDENT COULD ENDANGER THE FEDERAL TAX BASE AND THE CLIMATE FOR FOREIGN INVESTMENT; THE CANADIAN MINISTER OF FINANCE MENTIONED THESE CONCERNS IN A RECENT SPEECH. THE ISSUE IS DELICATE, HOWEVER, SINCE THE CANADIAN CONSTITUTION PLACES NATURAL RESOURCES UNDER PROVINCIAL CONTROL. SO FAR, OTTAWA HAS BEEN MAINLY WATCHING AND WAITING, BUT THEY HAVE PROMISED US A "CAREFULLY CONSIDERED RESPONSE" TO OUR REPRESENTATION.

PEKING AND HANOI CRITICAL OF INDONESIAN INTERVENTION IN EAST TIMOR: ALTHOUGH WE HAVE NOT SEEN ANY MOSCOW COMMENT ON THE DECEMBER 7 INDONESIAN INTERVENTION IN EAST TIMOR, PEKING AND HANOI HAVE PUBLICLY CONDEMNED INDONESIA FOR ITS ACTION. THE CHINESE REACTION REPRESENTS A DEPARTURE FROM PEKING'S CIRCUMSPECT TREATMENT OF THE JAKARTA GOVERNMENT IN RECENT YEARS, WHILE ATTEMPTING TO IMPROVE RELATIONS WITH ITS NONCOMMUNIST SOUTHEAST ASIAN NEIGHBORS. HANOI ALSO LINKED THE INDONESIAN MILITARY ACTION WITH YOUR VISIT TO JAKARTA AND PORTRAYED IT AS PART OF A LARGER U.S. STRATEGY FOR SOUTHEAST ASIA. THE NHAN DAN ARTICLE CHARGED THAT THE TIMING OF THE INDONESIAN INVASION DEMONSTRATED THAT WASHINGTON HAD "GIVEN THE GREEN LIGHT" FOR IT.

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USSR-U.S.: THE SOVIET USA INSTITUTE HAS MADE PRELIMINARY
JUDGMENTS ON THE RECENT U.S. CABINET RESHUFFLE, [REDACTED]

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- THE CHANGES, WHICH INCLUDE CONCESSIONS SIMULTANEOUSLY TO BOTH LIBERAL AND CONSERVATIVE CIRCLES, WILL HAVE LITTLE AFFECT ON DETENTE.
- THE REMOVAL OF SECRETARY SCHLESINGER IS THE MOST SERIOUS STEP, AND HIS SUCCESSOR IS A FIGURE WHOM "IT WILL BE NECESSARY TO WATCH."

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-- SECRETARY KISSINGER'S SPHERE OF ACTIVITY HAS "WITHOUT
DOUBT" BEEN NARROWED.

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